# STATE OF THE PROFESSION 2016

WEINREB GROUP
Sustainability Recruiting

GreenBiz

**GreenBiz Group's fourth State of the Profession report takes a look at the evolution of the sustainability executive and its unique role in industry. As in years past, we surveyed members of our GreenBiz Intelligence Panel to find out how much they made, where they worked, and what they did in the course of their job. This year we partnered with Weinreb Group Sustainability Recruiting to expand our reach of those surveyed.**

Before we get into the presentation of our results and analysis, there are a couple of points we'd like to make about the data presented in this report. Most of the charts, statistics and conclusions refer to companies with revenues greater than $1 billion unless otherwise noted. One of the primary reasons for this is that fully half of firms with revenues of less than $1 billion are either professional services firms or NGOs (31 percent and 19 percent respectively). This would provide a skewed benchmark for smaller firms.

Much of the inspiration for topics discussed in this report comes from members of the GreenBiz Executive Network (GBEN), our peer-to-peer learning forum for sustainability professionals. Because member meetings are held under the Chatham House rule, we can only anonymously quote member comments.

In the following pages, we seek to provide a richer background for understanding where sustainability sits within an organization, how its leaders got there, and what they are likely to be doing in the future. Defining roles in this manner can be a moving target as managers and executives continually push and expand the definition of sustainability leadership.

One thing that has changed since our first report in 2010 is that there appears to be no confusion among these professionals as to what the term sustainability means, even if the span of activities continues to evolve and expand. Below are a few of the leading trends we expand upon in this report.

**CEOS AND CLIMATE CHANGE.**
When it comes to sustainability, our research shows that 70 percent of CEOs are at least "interested" in climate even if they don't "own it." In research we conducted separately with Ingersoll Rand, 75 percent of those surveyed from large companies say they will either be better off with a mandatory price on carbon or that it would not have much of an effect on their business. Near the end of 2015, 154 companies signed on to the White House's American Business Act on Climate Pledge, signaling that businesses and their CEOs are ready to be engaged and that it's up to sustainability professionals to move that forward.

**FIND THE CUSTOMERS THAT WILL DRIVE YOUR PROGRAM.**
More than twice as many panelists cited customer pressure over their CEO's public commitment as the single most important factor that would raise their sustainability program to the next level. Collating sustainability information requests from RFPs and collecting industry trends for consumer products can help your program bolster topline revenue and contribute to bottom-line results. Be persistent in ferreting out these opportunities.

**SCALE REQUIRES COLLABORATION.** In research conducted last year with PG&E, 79 percent of organizations expect to collaborate in order to further their innovation capacity, up from 12 percent five years ago. As innovation cycles shorten and organizations are stretched thin, the biggest impacts may come from pre-competitive initiatives that reach back into the supply chain or create new opportunities in areas such as the circular economy.

**TEAMS ARE GROWING AND MORE RESOURCES ARE BEING EMBEDDED.** Forty-six percent of respondents indicated that sustainability headcount in their organization increased over the past two years and 40 percent said it stayed the same. This also reflected the fact that 40 percent indicated their budget had grown. We are also seeing more resources get embedded into functions ranging from supply chain to product innovation, two areas where sustainability budgets also showed an increase.

**COMING IN FROM THE OUTSIDE.** For the first time, a larger number of sustainability executives were hired from the outside rather than transferred from within. Thirty-two percent of managers found their job at an online job board while directors and vice presidents most likely heard about these openings through word of mouth.

**GENDER GAP CONTRACTS.** There are advances when it comes to gender. There has been little change in the lower ranks, which are fairly balanced, with women constituting 49 percent of sustainability managers and 51 percent of directors. The big change is that 48 percent of vice presidents are female, an increase from 37 percent in our 2012 survey. There is still a significant pay gap between male and female vice presidents, but when it comes to directors that gap has shrunk to 5.5 percent from an 8 percent gap in 2012. More significant may be that pay for male and female managers is at parity.

# THE STATE OF THE PROFESSION: MORE OR LESS?

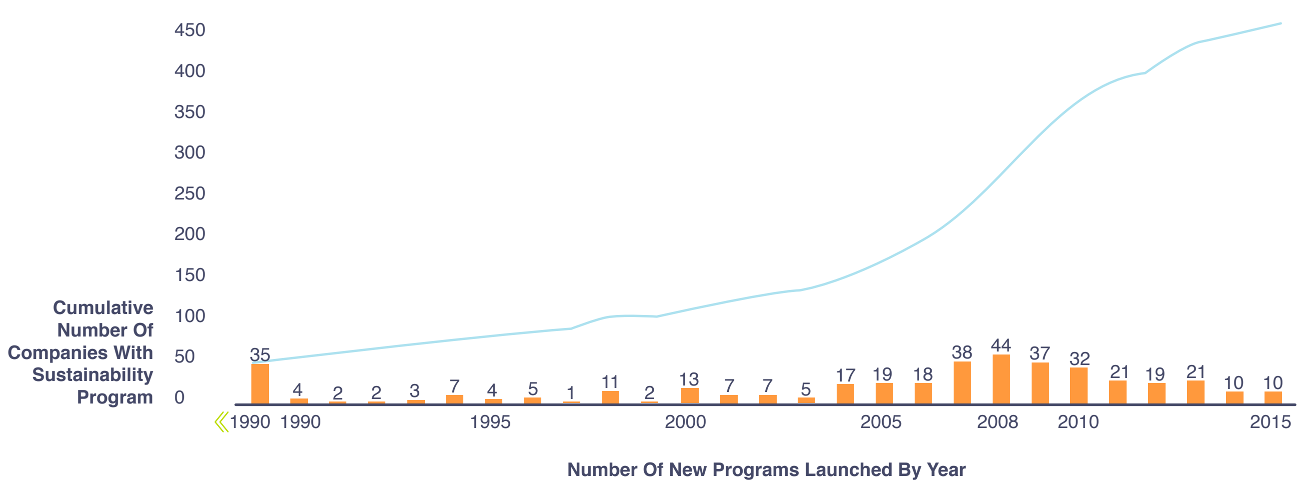
**In the 2013 edition of State of the Profession, we identified the concept of "peak sustainability." To determine when this peak occurred, we asked members of our GreenBiz Intelligence Panel to identify what year their company created its first full-time sustainability position. Viewed on a cumulative basis, the number of companies with revenues greater than $1 billion adding sustainability resources appears to follow the classic S-curve common to many business and technology trends, in which a series of slower, flatter growth lines are followed by steeper lines, cumulatively forming an S-like shape.**

Another story unfolds on a year-over-year basis. Forty-four companies created their first sustainability position in 2008. In 2009 that number dropped to 37, declining again in 2010 to 32, then dropping significantly in the past two years to only 10 companies initiating a sustainability function in 2014 and 2015.

These results are based on the 525 panelists from companies with revenues greater than $1 billion. We searched for a correlative data set that could corroborate our suspicion that corporate sustainability efforts may have reached their apex. That appears to be the case as 89 percent of Fortune 500 companies publish some form of sustainability report. According to CDP's most recent report, 334 of the Fortune 500 companies disclose climate change information to the organization.

All of this points to our finding that the number of companies with sustainability programs is not growing. And yet, while some high-profile activities have made news (such as the signatories to the RE100, of companies making significant renewable energy commitments), there is also anecdotal

## 2008 - THE YEAR OF PEAK SUSTAINABILITY



evidence from our GreenBiz Executive Network that some companies have either eliminated their sustainability programs or put it into a maintenance mode whereby the company publishes a sustainability report but doesn't fund anything beyond those efforts. In future research, we will seek to find a more qualitative evaluation to determine if corporate efforts are growing or declining.

This raises important question for those engaged in the sustainability profession in the private sector:

- What will increase corporate focus on sustainability efforts?
- Are we entering a period of sustainability haves and have-nots?
- Are career opportunities limited for sustainability professionals?

While concrete answers are elusive, we attempt with this year's report to highlight trends in the business of corporate sustainability and the career opportunities associated with those trends.

**CEO ENGAGEMENT**

It has become a cliché to push the point that a sustainability program's success depends upon support from the CEO. And it goes without saying that a majority of sustainability professionals would like to be employed at a company with a highly visible CEO promoting their programs publicly, much like Unilever's Paul Polman and Patagonia's Yvon Chouinard are doing at their companies.

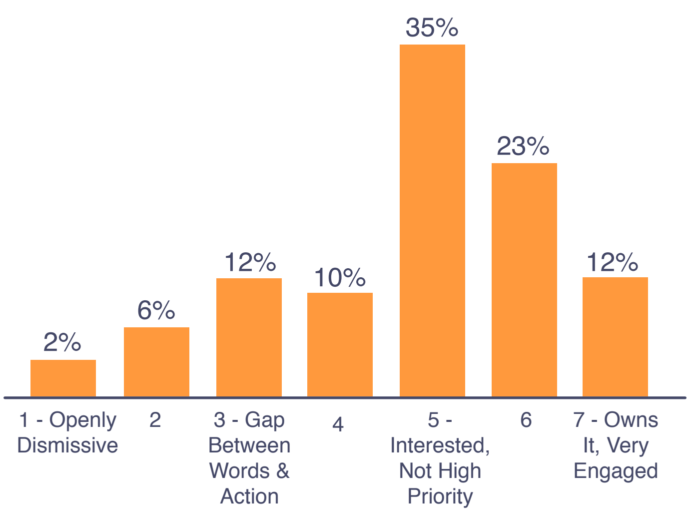
Based upon our research, lack of CEO support doesn't seem to be much of a barrier for most large organizations. We asked our panelists to rate the level of CEO engagement at their organization on a scale from 1 (openly dismissive) to 7 (owns it, very engaged). Seventy percent of respondents rank their CEOs as somewhere between "interested, not a high priority" and "owns it, very engaged."

Nor does CEO tenure seem to influence how supportive a CEO is, as the aggregate number of those identified as "interested" to "owning it" is only a few percentage points above or below 70 percent whether a CEO has held the position for one year or 20 years. In fact, the only significant difference in terms of CEO tenure is that 26 percent of those who have served in the role for more than 15 years were identified as "owns it, very engaged" as opposed to 8 percent of those assuming the role within the past four years.

One development last year served to significantly engage CEOs of large corporations. In the run-up to the climate talks in Paris, 154 companies signed on to the White House American Business Act on Climate Pledge. For some, this was the first time their company took a public stance on climate change. For others, it provided a chance to add to their current commitments. Several of our GreenBiz Executive Network members noted that a number of their senior leaders traveled to the White House on the day the pledge was announced and that the impact of their leadership attending the meeting resonated long past the COP21 talks in Paris.

Clearly most CEOs don't seem to be creating a barrier to a sustainability program's success. In fact, in PwC's most recent CEO survey, 76 percent of CEOs agree that business success will be defined by more than financial profit. If CEOs aren't holding back the growth of sustainability programs, what is keeping them from flourishing?

### SEVENTY PERCENT OF RESPONDENTS RANK THEIR CEO SOMEWHERE BETWEEN "INTERESTED, NOT A HIGH PRIORITY" AND "OWNS IT, VERY ENGAGED."




**CUSTOMER ENGAGEMENT AND TRANSPARENCY**

We asked our panelists what factor would have the greatest impact to push their organization's sustainability program to the next level. We specifically did not provide regulatory mandates as a choice as that only serves to bring everyone up to the lowest level, not to the next level. For those participating in the survey only one response was allowed and the resounding answer was pressure from customers.

This is not particularly surprising. Customer pressure can be directly connected to dollars and cents in the form of either loss of revenue or the prospect of potential opportunity. One area where customer pressure is having significant impact is in the B2B world. Initiatives such as the U.S. Green Building Council's LEED certification program can be seen as starting the ball rolling, but programs such as the Quartz project have an even more specific impact.

The Quartz Project is a collaborative open-data initiative that promotes the transparency of building products and their impacts on human and environmental health. The project is powered by the collaboration between Flux, Healthy Building Network, Google and thinkstep.

Leveraging this and other green product certifications, Google has created Portico, a tool for specifying healthy materials to be used in construction of its buildings. These tools require companies seeking to do business with Google and many other organizations to meet sustainability requirements. This means that sustainability is no longer a tiebreaker after cost, quality and delivery, but table stakes — the basis for products to be even considered.

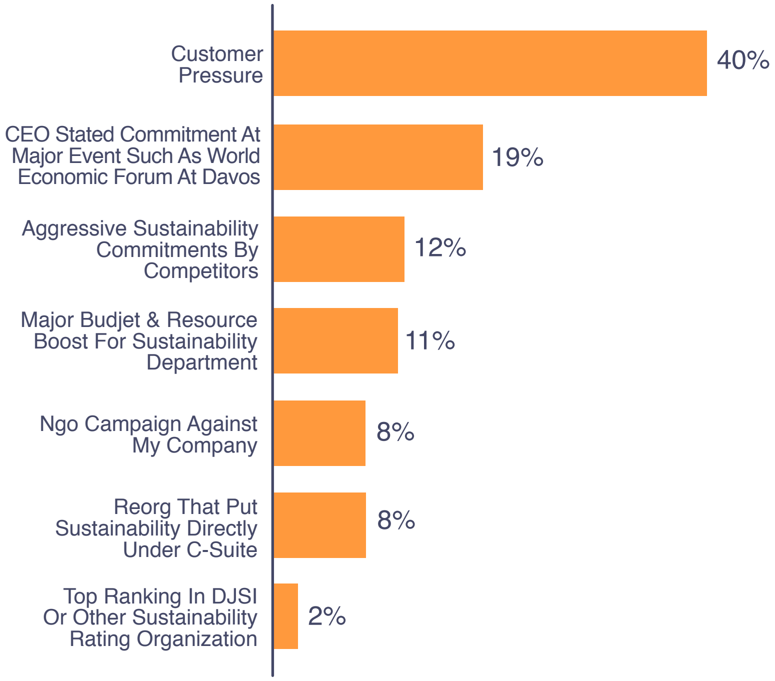
Product and organizational transparency is starting to be communicated to consumers as well, regardless of whether there has been much direct call for it from them. In some industries, customer pressure is augmented by aggressive sustainability commitments by competitors.

Campbell announced support for mandatory GMO labeling to establish a single labeling standard for foods derived from genetically modified organisms (GMOs). This has been followed by similar announcements from other consumer packaged goods manufacturers. In consumer electronics, Apple publishes a detailed list of suppliers and final assembly facilities as do many of its competitors. A similar trend exists for apparel manufacturers ranging from Nike to Target.

Inasmuch as this provides information to consumers, it also provides brand protection. While overall only 8 percent of those surveyed said an NGO campaign would push their company to the next level, 20 percent of the retail companies responding and 16 percent of consumer goods companies indicated an NGO campaign would push their organization's sustainability program to the next level.

**MORE THAN TWICE AS MANY PANELISTS CITED CUSTOMER PRESSURE AS PUBLIC CEO COMMITMENT AS THE SINGLE MOST IMPORTANT FACTOR THAT WOULD RAISE THEIR SUSTAINABILITY PROGRAM TO THE NEXT LEVEL**

What factor would the greatest impact to oush your organization's sustainability program to the next level?



However, one survey respondent added the following, “We have designed a world-class initiative and tools for supply-chain transparency and improvement for our entire supply base, including sustainability and restricted substances, from design through fulfillment. When asked to pay for it, clients’ response has been, ‘Meh.’ If this does not confer competitive advantage our efforts may run the risk of being pruned.”

Earlier, we noted that fewer companies are creating sustainability positions. This could put laggards at a competitive disadvantage as the sustainability leaders, those companies with established programs, are responding to early signs of customer demand and should be well positioned to separate themselves from lagging competitors. That is, if their customers bring them along.

**COLLABORATING FORWARD**

Companies that are leaders in the sustainability arena are continually looking to scale their efforts. One way for them to bring along peer organizations that might not be as invested is through collaboration and partnership. GreenBiz and PG&E conducted research in 2015 to discover how companies can create value by collaborating with others in order to spur innovation.

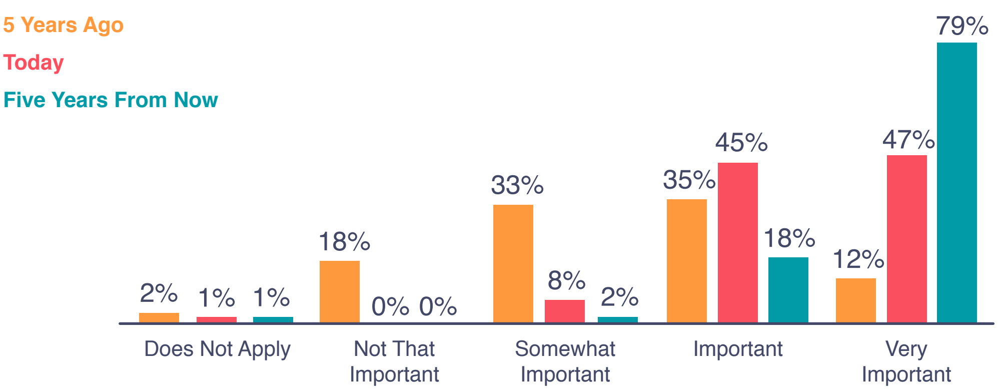
One of the key findings is that the need for outside collaboration is significantly increasing. Five years ago, collaboration was not seen as important as it is today, and it is seen as even more important in the future for both large and small organizations.

Five years from now, 79 percent of large organizations and 76 percent of small organizations see collaboration with outside organizations as “very important,” up from 47 percent and 58 percent respectively today, and 12 percent and 29 percent five years ago.

What’s driving this desire to collaborate? When asked to rate business drivers for collaborative innovation projects that have been undertaken, creating value for customers was rated as “very important” by organizations both large (61 percent) and small (62 percent). Thirty-eight and 36 percent of large and small organizations respectively also cited changing customer expectations as a major business driver for collaboration.

In addition to collaborating directly with customers, industry initiatives are helping sustainability teams gain leverage by banding together to move their industry forward. Organizations like the Sustainable Apparel Coalition and the Electronic Industry Citizenship Coalition bring together companies to address pre-competitive issues in their supply chains.

## LAST YEAR WE ASKED PANELISTS ABOUT THE IMPORTANCE OF COLLABORATION WITH OUTSIDE ORGANIZATIONS TO FURTHER THEIR OWN ORGANIZATION’S INNOVATION CAPACITY



## CSO Back Story, Revisited

In late 2014, The Weinreb Group published research on the evolution of the role of the CSO comparing data and findings relative to the original 2011 report on CSOs. Looking back at the trends over time, it's clear that many of the key findings still hold true for today's CSOs.

**The number of CSOs in corporate America continues to rise as well as the number of companies who are on their second CSO.**

**36**
CSOS UP FROM
29 IN 2011

**7**
COMPANIES ON THEIR 2ND CEO
UP FROM 1 IN 2011

**CSOs today are starting the position with less tenure at their company than in previous years.**

**10**
YEARS AT JOB BEFORE
THEY BECAME CSO
DOWN 36% SINCE 2011

**More females are taking on the role of CSO.**

**42%**
FEMALE CSOs
UP FROM 29% IN 2011

**When it comes to CSOs leaving their CSO position, for the majority, this role is oftentimes the last role before retirement.**

**27%**
LEFT COMPANY

**27%**
SWITCHED ROLES

**46%**
RETIRED

**CSOs are holding their positions for more years even though the role still remains fairly new at companies.**

**3.6**
AVERAGE NUMBER
OF YEARS AS CSO
UP FROM 2 IN 2011

**While overall we've seen growth of the role, CSO appointments per year over the past decade reached a peak in 2011.**

# TODAY'S SUSTAINABILITY ORGANIZATION

**Last year we suggested that corporate sustainability celebrated its 10th birthday (although it could be argued that it's reached its teen years, since the World Business Council for Sustainable Development is now 15). In 2005 we saw Walmart launch its sustainability strategy (to be powered by 100 percent renewable energy, create zero waste, etc.) and General Electric launched its Ecomagination marketing initiative, watershed markers of the importance of sustainability to corporate leaders. Of course, there are elders: McDonald's, for instance, began to embrace sustainability in the late 1980s.**

As sustainability programs mature, many of the leading corporations are making it a key part of their growth strategy for the future. But for others, programs are still in an awkward adolescence. We've tracked the growth of programs and the following section presents an overview of the function and how it is staffed, organized and budgeted.

### THE CORPORATE SUSTAINABILITY FUNCTION

For the last five years, we've asked sustainability managers and executives how they spend their time. We discontinued the question in our most recent survey because the answer was consistent year over year:

1. Strategy Development
2. Reporting
3. Working With My Peers

We may return to this question in future years, but it appears that the basic functions associated with sustainability and corporate responsibility remain the same as a position that works through influence rather than dictates.

### SIXTY PERCENT OF RESPONDENTS REPORT THAT SUSTAINABILITY AND CSR REPORT TO THE SAME SENIOR EXECUTIVE (5 PERCENT RESPONDED "I DON'T KNOW" WHEN ASKED IF SUSTAINABILITY AND CSR DEPARTMENTS ARE CONVERGING)

47%

**SOCIAL & ENVIRONMENTAL** SUSTAINABILITY FUNCTIONS ARE PART OF THE SAME DEPARTMENT

13%

**SOCIAL & ENVIRONMENTAL** SUSTAINABILITY FUNCTIONS ARE IN DIFFERENT DEPARTMENTS BUT REPORT TO THE SAME SENIOR EXECUTIVE

35%

**SOCIAL & ENVIRONMENTAL** SUSTAINABILITY FUNCTIONS ARE IN DIFFERENT DEPARTMENTS AND REPORT TO DIFFERENT SENIOR EXECUTIVES

One other aspect of the overall function that has piqued our curiosity is whether CSR and sustainability departments are coming closer together, becoming functions within a single department or at least overseen by the same senior executive.

Sixty percent of respondents from large companies report that sustainability and CSR report to the same senior executive. The industries with the greatest split between departments reporting up to different senior executives are utilities and conglomerates (where 50 percent report to different executives) and healthcare (45 percent). But as noted in the following section, the department where these senior executives reside is not consistent across or within industries.

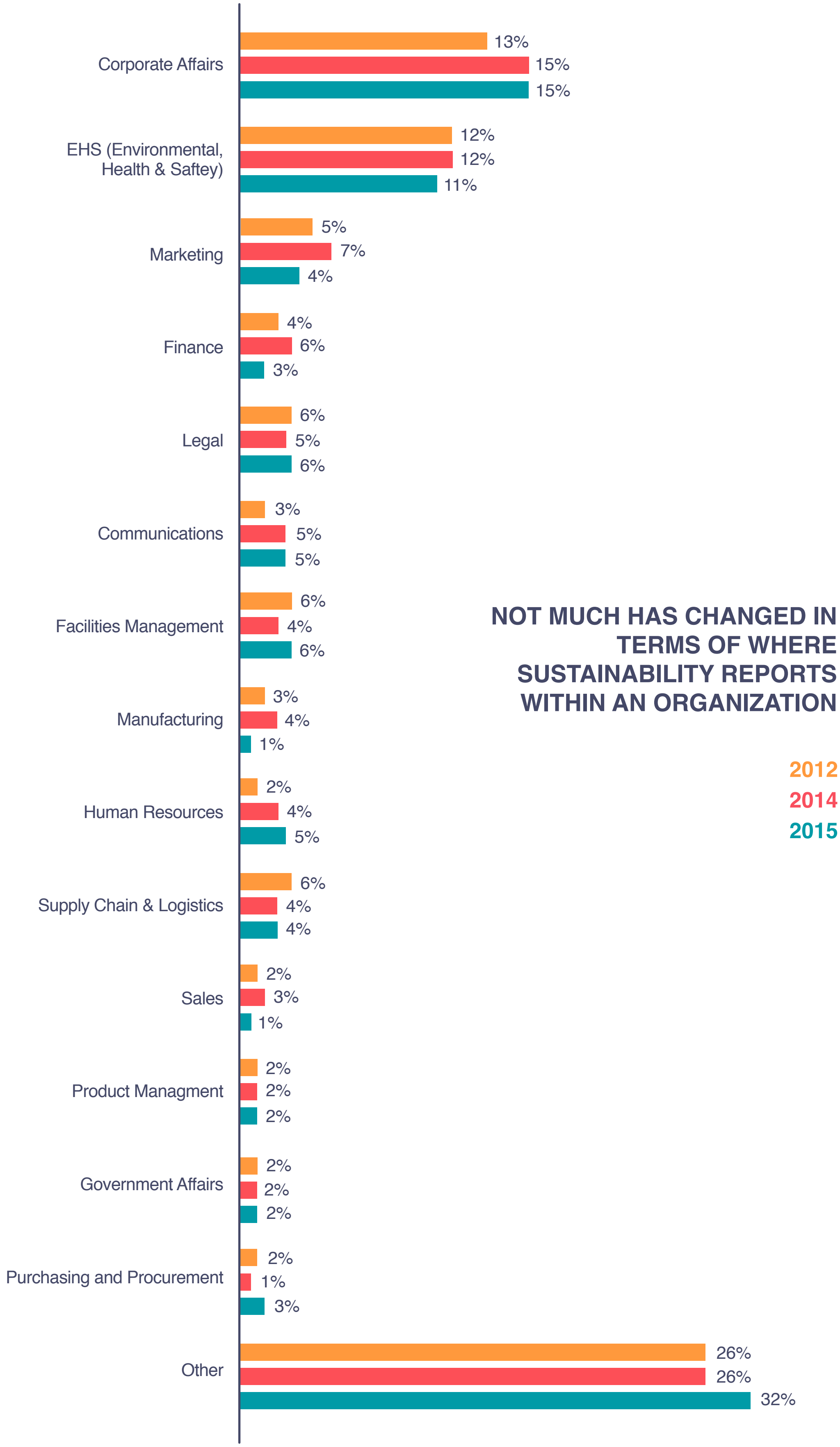
In the future, we plan to investigate the areas of oversight by executives responsible for sustainability. There are several recent examples where sustainability executives are being asked to lead a broader portfolio of functions beyond CSR to include philanthropy, EHS, community relations and, in some cases, product development and supply chain.

**WHERE SUSTAINABILITY REPORTS**

During our annual State of the Profession survey, we ask panelists to identify where the function reports within their organization. We have conducted the survey since 2010 and little has changed: there is no consistent home for the sustainability group. The most common functional groups that house sustainability are corporate affairs (15 percent of respondents) and Environmental, Health and Safety (11 percent). No other function rises above 6 percent, with the exception of "other."

In discussions with our GreenBiz Executive Network members, several noted the irony of this consistency of survey results, as corporate reorgs often move the position around to

## NOT MUCH HAS CHANGED IN TERMS OF WHERE SUSTAINABILITY REPORTS WITHIN AN ORGANIZATION



report to different executives. Complicating the "where" is the "who" — one member noted having six bosses in just one year and another having four CEOs in the past few years. In trying to make sense of the reporting structure, we asked members to pass along their organization charts to determine if there were standard structures.

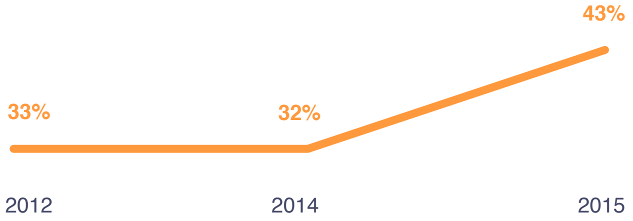
**DISTANCE FROM THE CEO**

A number of GBEN members report having an executive committee made up of senior leadership that meets on an annual, semi-annual or quarterly basis. This certainly provides access to senior leadership but we wanted to find out how many layers separate the sustainability leader from the CEO on a reporting basis. The 25 organizational charts they submitted illustrated the various reporting structures, with almost no two alike. Our hopes for identifying some baseline models identifying a uniform reporting structure were for naught.

What we did find was that the majority of those responding report either directly to the CEO (two of our members, or 8 percent were identified) or to an officer who reports to the CEO (another 11 or 44 percent), which accounts for 52 percent of the senior sustainability executives from the 25 reporting members. Another five (20 percent) are two layers away from the CEO and five more were three layers away. Two companies shared that their structure was so embedded that it was impossible to easily identify any direct reporting relationship.

The results, while perhaps not statistically significant, support a finding from our recent State of the Profession research. We asked who vice presidents of sustainability reported to at organizations with revenues greater than $1 billion. Fifty-seven percent report to another vice president or senior vice president while 43 percent report to either the C-suite or the board of directors. This is a significant increase from surveys in previous years.

**THERE IS A SIGNIFICANT INCREASE IN THE NUMBER OF VICE PRESIDENTS OF SUSTAINABILITY REPORTING DIRECTLY TO THE C-SUITE OR THE BOARD OF DIRECTORS.**



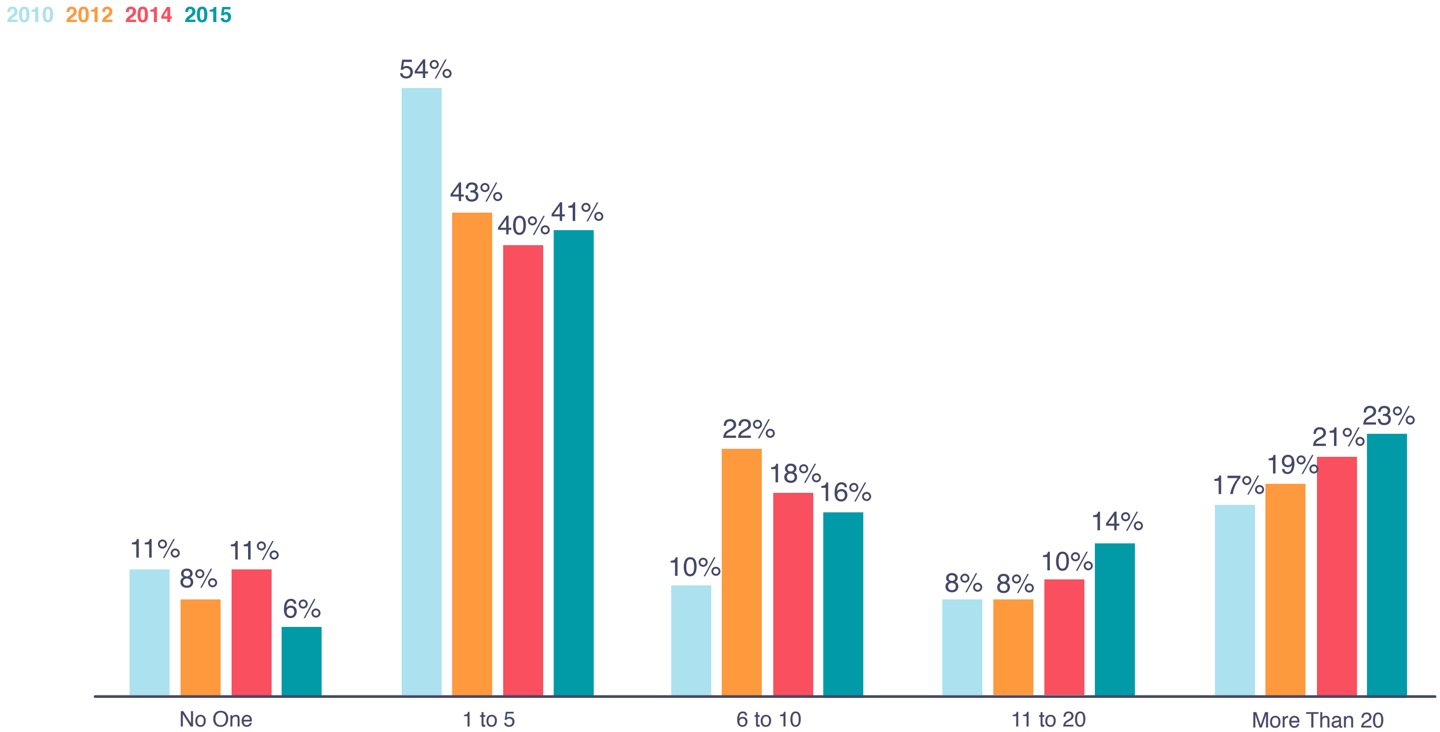

**THE SUSTAINABILITY DEPARTMENT**

Sustainability departments can range anywhere from a single individual to a large group. During the past five years that we've conducted our survey, we've seen more companies have at least a manager dedicated full time to sustainability efforts.

We asked panelists to identify the highest-ranking sustainability executive at their organization and the results have been consistent year over year. Thirty-seven percent of organizations have a vice president or senior vice president leading their efforts and another 36 percent of leaders are directors or senior directors.

One thing that has changed during the past few years is that sustainability teams continue to grow in size. Over the past four years approximately 40 percent of teams have only one to five members, whereas in 2010 that number was 54 percent. Teams with six to ten members grew from 10 percent in 2010 to 16 percent in 2015 and teams with 11 to 20 members grew from 8 percent to 14 percent. Teams with more than 20 members grew from 17 percent in 2010 to 23 percent in 2015. Another indicator of the growth of sustainability teams was revealed when we asked companies with revenues greater than $1 billion if headcount had increased or decreased in the past two years. Forty-six percent of respondents indicated that headcount had increased and 40 percent said it stayed the same. Only 13 percent of panelists saw a decrease in headcount.

## TEAMS CONTINUE TO GET BIGGER ALTHOUGH MOST HAVE FEWER THAN TEN MEMBERS.




To provide even further perspective on the growth of team sizes, we analyzed how many people directly report to the managers and executives we surveyed. The most significant increase in direct reports is for vice presidents. Thirty-eight percent of vice presidents have between one and five direct reports, a decrease of 12 percent from 2012. The number of vice presidents with six to 10 direct reports as well as those with teams of 11 to 20 members both increased since 2012 from 14 percent to 25 percent.

### EMBEDDING THE TEAM

One thing we have noticed is that as the size and mandate of the sustainability organization expand, certain function-specific tasks (such as energy management) become the focus of an individual or dedicated team and the sustainability leader moves on to juggling new forward-looking responsibilities.

This year, we added a new question to our survey to determine the growth in sustainability resources embedded in other departments within an organization. With only two years of data, it is too early to identify statistically significant trends, but there seem to be large increases in the number of companies embedding sustainability resources in two key functions. The number of companies dedicating sustainability resources to supply-chain efforts grew from 10 percent in 2014 to 26 percent in 2015. An almost equally large jump occurred for facilities management, where the number of companies dedicating resources grew from 7 percent in 2014 to 20 percent in 2015.

There were also areas where fewer resources were reported as being dedicated, such as procurement, marketing/communications and human resources. We will continue to monitor this trend to determine if companies continue the trend of embedding sustainability resources elsewhere in the organization.

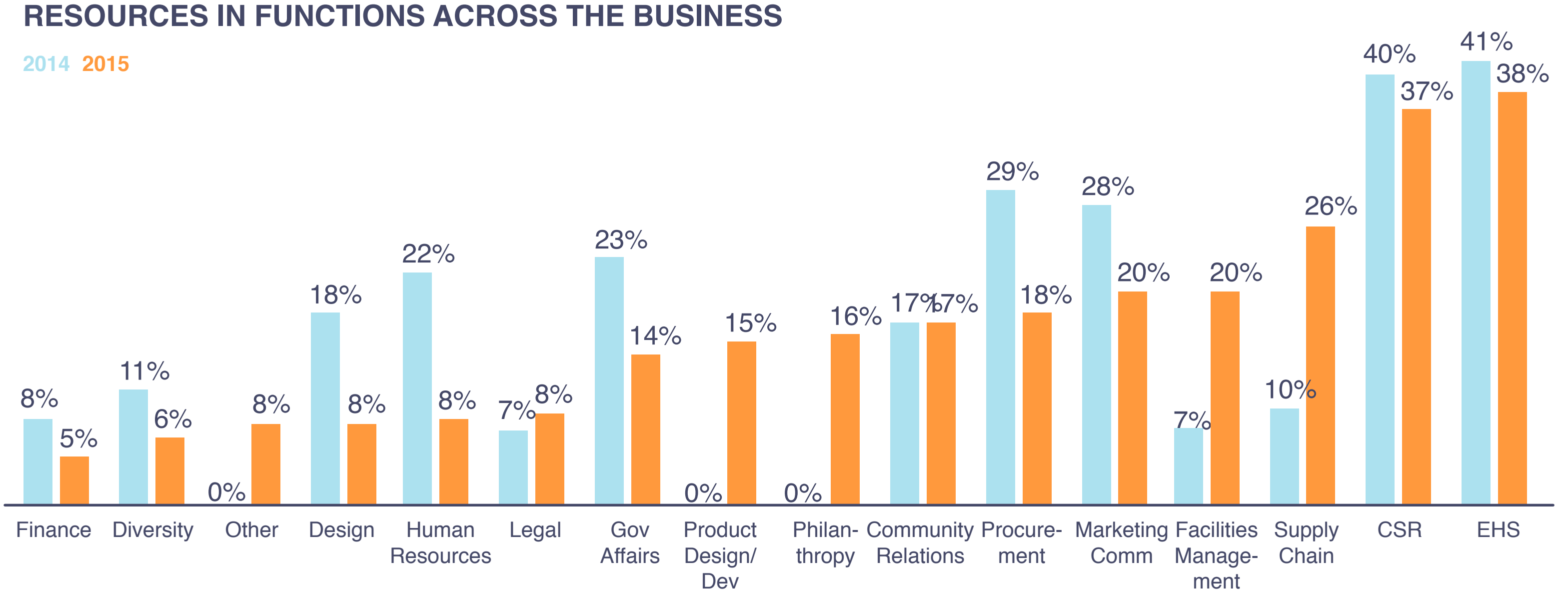
### EXTENDING THE TEAM

Most corporate sustainability teams are resource-constrained, or lack the business expertise necessary to address the complexity of a wide range of issues that confront their organization. As a result, many turn to outside experts and consultants.

In March 2015, GreenBiz Group and Siemens published the report “Extending the Team: The Role of Outsourcing to Achieve Sustainability Objectives”. What is clear from our research is that outsourcing for sustainability is widely accepted in the industry today. Nearly 80 percent of firms utilize third-party consultants to support their sustainability efforts, and the larger the company the greater the likelihood it will outsource to accomplish its goals.

## ORGANIZATIONS ARE EMBEDDING SUSTAINABILITY RESOURCES IN FUNCTIONS ACROSS THE BUSINESS

2014 2015

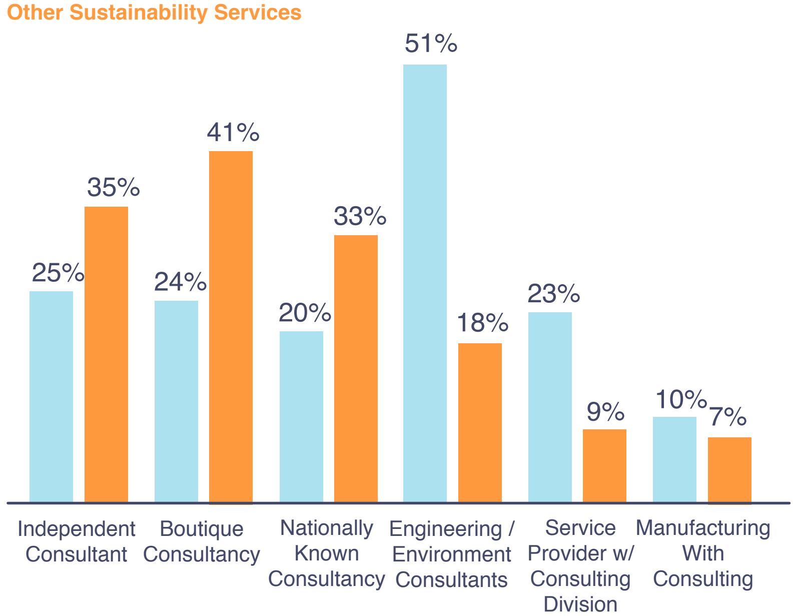



Firms are seeking assistance primarily to implement previously developed strategies, not to set new strategic directions. This is true both for services that support resource efficiency — emissions, energy, water and waste reductions — as well as other activities that advance sustainability programs.

Companies are most likely to engage large engineering or environmental consultants for services that drive emissions or resource conservation, since that is a key focus of their sustainability programs. When firms have more specialized needs such as sustainability strategy, LEED certification, product design or marketing and communications, they are more likely to partner with independent or boutique firms with unique skills or capabilities.

## ORGANIZATIONS ARE EMBEDDING SUSTAINABILITY RESOURCES IN FUNCTIONS ACROSS THE BUSINESS

Emissions& Resource Conservation
Other Sustainability Services

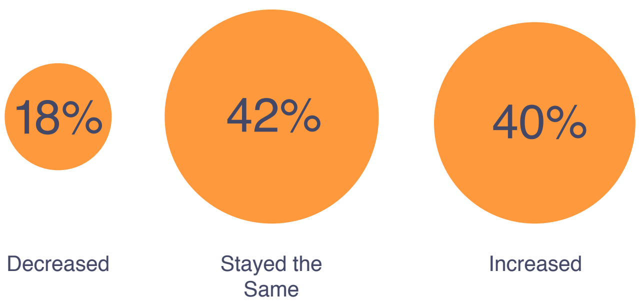


## WHERE'S THE MONEY?

The results of this year's survey indicate that budgets are mostly holding their own or growing, as 42 percent of respondents indicated that their sustainability budget had stayed the same and another 40 percent indicated an increase.

In 2010, 45 percent of respondents indicated that their organization had no specific budget, whereas in 2015 only 28 percent had no specific budget. Budgets have gone up the most where the budgeted range is from $100,000 to $499,000 (from 11 percent in 2010 to 18 percent in 2015) and $1 million to $10 million (from 16 percent in 2010 to 24 percent in 2015). The other budget ranges showed low to no growth. Company size or industry did not appear to have any correlation to the size of its sustainability budget.

## BUDGETS ARE HOLDING THE LINE OR INCREASING FOR 82 PERCENT OF COMPANIES SURVEYED




We drilled down further to understand where these budget increases were being applied. The areas with the greatest investment were sustainable supply chain (47 percent budget increase year over year) and sustainability product/service innovation, with a 46 percent budget increase. Assurance saw the smallest increase which makes sense since it is typically performed annually by organizations, with little change year over year.

One caveat: Sustainability budgets can be larger than they appear. For example, embedded efforts such as packaging redesign projects or energy-reduction efforts may be accounted for under different cost centers. One consistent aspect of budgeting for sustainability at organizations large and small is the sentiment that their programs would be more successful with greater funding.

## SUPPLY CHAIN AND INNOVATION LEAD THE WAY FOR EFFORTS GETTING GREATER FUNDING


# THE RIGHT PROFILE: JOBS IN SUSTAINABILITY

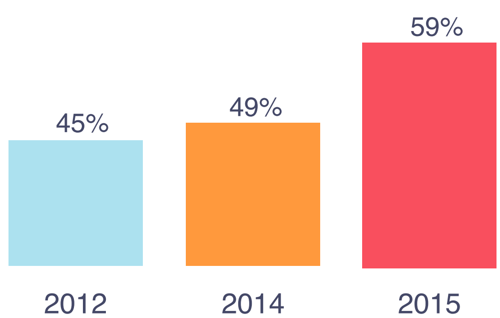
**For many, getting a job in sustainability can seem an elusive goal. Departments are relatively small and, in the past, internal promotion seemed a much more likely path for joining the group than coming in from the outside. This is slowly changing as team size grows and companies look outside for more specific skill sets.**

## GETTING THE JOB

As noted previously, 46 percent of respondents indicated that headcount at their firms had increased while another 40 percent said it had remained the same. Remaining the same in headcount doesn't necessarily mean the same people are still employed, though, as people get promoted, retire or move to other positions — or other firms. This indicates a robust job market even if relatively small when compared to, say, software engineering or marketing functions.

In the past, the majority of sustainability positions were filled through either internal promotions or lateral moves within an organization. This year the scales have tilted: a larger number of sustainability executives were hired from the outside than transferred from within.

### FOR THE FIRST TIME, MORE SUSTAINABILITY EXECUTIVES REPORT BEING HIRED FROM THE OUTSIDE THAN MOVED FROM WITHIN




Staff and managers (62 percent and 64 percent respectively) were most likely to be hired from the outside, but even a slight majority of directors (52 percent) and a large number of vice presidents (48 percent) were also external hires.

### PERCENTAGE OF THOSE HIRED FROM THE OUTSIDE BY TITLE

| 11% | 32% | 43% | 14% |
|---|---|---|---|
| VICE PRESIDENT | DIRECTOR | MANAGER | STAFF |

From an industry perspective, only two industries moved more professionals to sustainability internally than sought external hires, basic materials and industrial goods (36 percent and 42 percent hired external respectively). At the other end of the spectrum, 87 percent of financial services firms hired sustainability resources from the outside.

At the most senior executive level, 75 percent of consumer goods companies hired a vice president from the outside while only 17 percent of technology firms and 25 percent of retailers looked outside for their hires. Seventy-six percent of directors at service provider firms were hired from the outside. More than half of vice presidents and directors found or created their position within their firm.

There's little chance for others getting a job in sustainability if you never hear about openings, so we asked both external hires and internal movers how they heard about their jobs.

## INTERNAL MOVERS AND EXTERNAL JOB SEEKERS FIND OPPORTUNITIES THROUGH VERY DIFFERENT CHANNELS

| | CONTACTED BY COMPANY | EXTERNAL HEADHUNTER | VIEWED POSITION ON ONLINE JOB BOARD | VIEWED POSITION ON ORGANIZATIONS WEBSITE | WORD OF MOUTH | SELF CREATED ROLE WITHIN COMPANY | OTHER |
|---|---|---|---|---|---|---|---|
| VICE PRESIDENT - INTERNAL | 31% | 00% | 03% | 03% | 00% | 56% | 06% |
| VICE PRESIDENT- EXTERNAL | 26% | 19% | 10% | 26% | 00% | 13% | 06% |
| DIRECTOR - INTERNAL | 22% | 01% | 04% | 06% | 08% | 54% | 04% |
| DIRECTOR - EXTERNAL | 25% | 06% | 20% | 06% | 33% | 11% | 00% |
| MANAGER - INTERNAL | 40% | 00% | 00% | 06% | 00% | 35% | 02% |
| MANAGER - EXTERNAL | 28% | 09% | 32% | 00% | 17% | 04% | 04% |
| STAFF - INTERNAL | 18% | 00% | 05% | 09% | 23% | 32% | 14% |
| STAFF - EXTERNAL | 19% | 08% | 33% | 11% | 17% | 06% | 06% |

For those seeking to come into a sustainability position from outside the organization, word of mouth plays a much bigger role than for those seeking an internal move. External hires for staff and entry-level management positions first saw their positions posted on an online job board (like the one on GreenBiz.com). Someone at the company reaching out directly plays the biggest role in finding suitable candidates to fill senior executive sustainability roles.

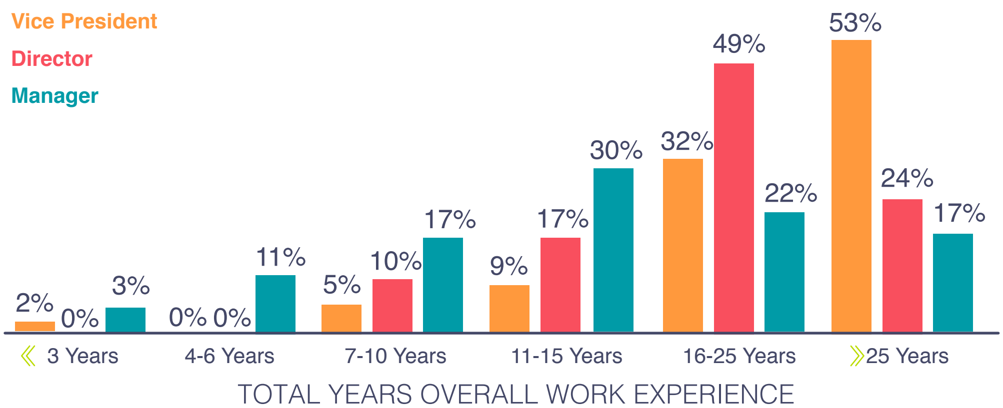
**EXPERIENCE REQUIRED**

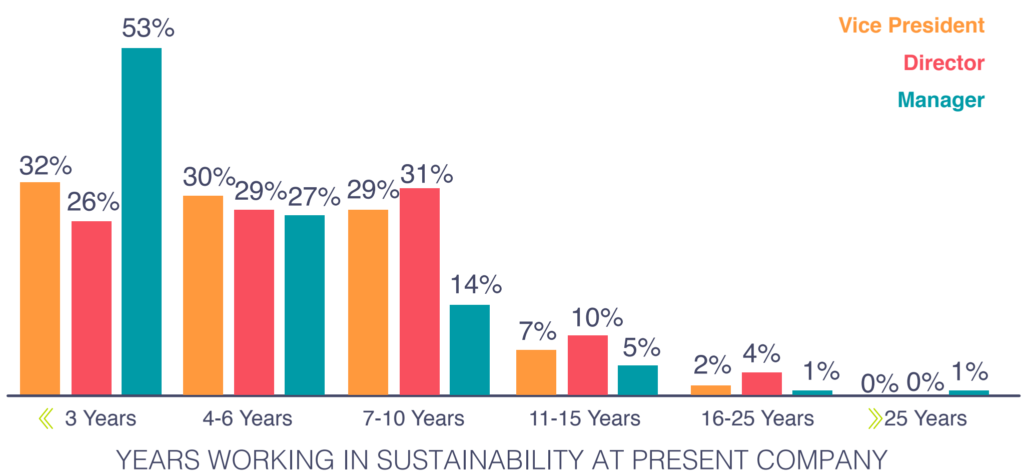
The majority of leaders responding to our most recent survey have significant work experience. Eighty-five percent of vice presidents have more than 16 years of work experience and 73 percent of directors have similar tenures. Even managers have extensive work experience: 69 percent have more than 11 years under their belts.

In contrast, the number of years our respondents have spent working in sustainability at their present company points at the young nature of the role. (Remember: we're in the teenage years of sustainability). A majority of vice presidents, directors and managers have worked on sustainability at their current employer for fewer than six years (62 percent, 55 percent and 90 percent respectively). Just under a third have worked between seven and 10 years in sustainability at their present company. More than 80 percent of vice presidents, directors and managers responding to our survey are working on sustainability full time.

Where did these leaders come from? Many transitioned from their company's environmental, health and safety (EHS) organization. But much like where the sustainability function reports in an organization, the department that sources sustainability professionals could be almost any across the organization.

## THE MAJORITY OF RESPONDENTS HAVE ESTABLISHED CAREERS IN BUSINESS BUT MANY FEWER YEARS WORKING IN SUSTAINABILITY




### SUSTAINABILITY BY DEGREE

The educational background for managers and executives working in corporate sustainability departments includes a broad spectrum of majors and minors, from humanities and social sciences to engineering and business. The predominant degrees were granted in business/management, engineering and environmental studies.

Sustainability leaders are a highly educated class. Almost all are college graduates and a majority has sought an MBA or other master's degree. Seventy-four percent of managers have an advanced degree, as do 70 percent of directors and 69 percent of vice presidents.

### COMPENSATION OVERVIEW

The full-time employment status of more than 80 percent of those responding to our survey establishes a solid baseline for our salary data. It should be noted, however, that there are likely significant regional differences about which we do not have sufficient data to provide a more robust benchmark.

From an overall perspective, there's a significant gap between the salary of a sustainability manager and vice president.

## A 'TALENT SHOW' RETROSPECTIVE

**by: Ellen Weinreb**

I began writing the Talent Show column for GreenBiz back in April 2010, at a time when CSR was in the midst of an identity crisis of sorts. As a longstanding sustainability recruiter, I am often asked about trends in the profession. Some 75 articles later, here are the three themes that have rung true through the years.

**Evolving Requirements for CSO Competencies**

I launched the column six years ago with a deep dive into the advent of the Chief Sustainability Officer role, which was still in its infancy at the time. This piece sparked a lot of interest, likely due to the growth in corporate sustainability positions across industries overall. But despite the increase in green jobs more generally, the CSO was still an elusive character.

Today, those aspiring to become a CSO do so at their own risk, because they are confronted by a cacophony of complex issues. The role requires core competencies , as they are being asked to create stability amidst the chaos of climate change, mergers and acquisitions, reorganizations, the influx of Millennials in the workforce, and much more. We've seen that sustainability leaders must be agile in order to be successful in this "VUCA" world, or one that is Volatile, Uncertain, Complex and Ambiguous.

One way the column observed that this volatile environment is impacting the sustainability professional is the wave of new roles and sustainability experts of all shapes and sizes hitting the market after COP21. In order to meet the multifaceted demands of commitments laid out by the Paris talks, companies needed to create new cross-cutting and increasingly collaborative leadership roles.

But this wasn't just something we saw coming out of Paris. Increasingly, corporations at large are breaking down the boundaries of what sustainability means within their companies. Now it just makes good business sense in order to position them for resiliency and react quickly to compound pressures placed upon them from the global community.

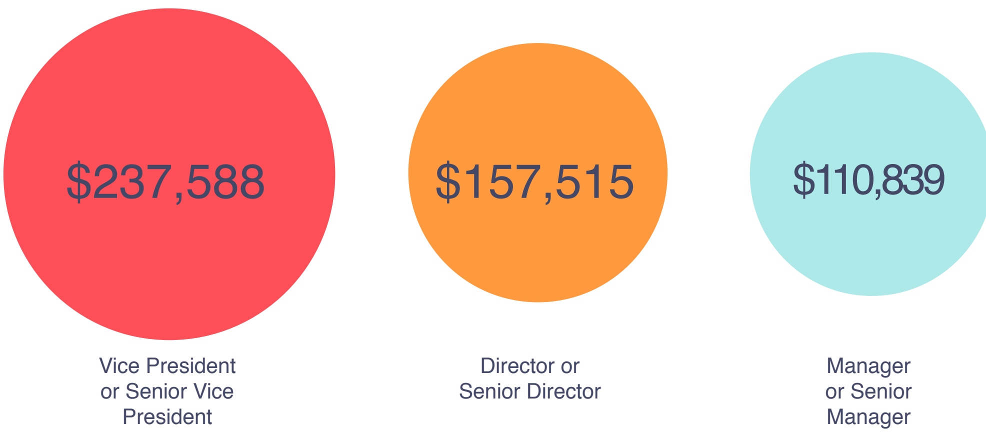
**The Tenuous Job Search**

As a recruiter, Talent Show has always geared content toward the sustainability job seeker audience, with tips that range

That gap has increased significantly since we began our survey in 2010. While salaries for managers have grown only slightly (a 6.9 percent raise since 2010, from $103K to $111K), director salaries have dipped 1.8 percent, from $160K to $158K in the same time period. By contrast, salaries for vice presidents have escalated by 19 percent, from $192K to $237K.

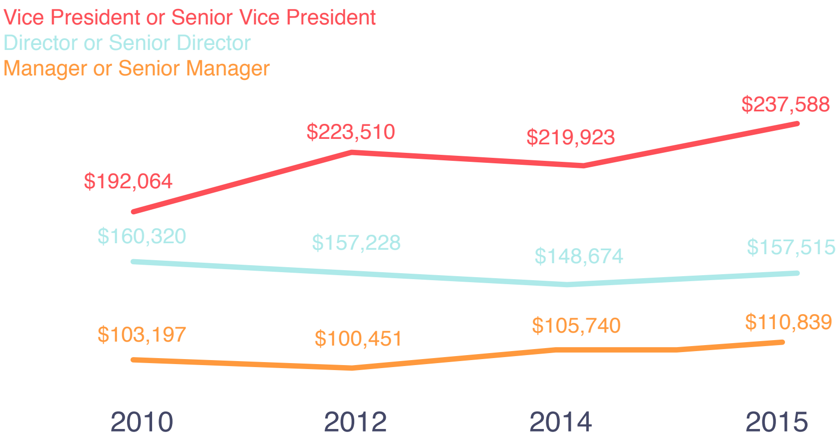
One of the more interesting findings of this year's survey is that directors and vice presidents hired within the last three years are making more than longer-tenured employees in the same position. Directors with three years or less at their company are making $165K while those with four to six years of tenure are pulling down $147K and those with seven to 10 years are making $146K. In fact, only those with 25 years or more with the company are making more.

## CURRENT SALARIES BY POSITION




The same holds true for vice presidents, where those with less than three years at an organization are making $228K. Those with four to six years at the firm are making $199K and those with seven to 10 years are making $218K. It is only when one get past 10 years of tenure at a firm that one makes more than newly hired vice presidents.

## SALARIES FOR VICE PRESIDENTS HAVE INCREASED AT A MUCH GREATER RATE THAN FOR MANAGERS OR DIRECTORS




from surviving life after the MBA, to how to tell if the career you've chosen is having an impact. To help jobseekers get ahead of the pack in their green job search, we put a microscope on who is hiring in sustainability and what are the green job trends that sustainability professionals need to stay abreast of to advance their careers.

Back in 2010, the economic downturn was still making it tough on aspiring green job searchers. Nevertheless, the sustainability movement continued to gain momentum.

Several years later, while many voices were abuzz with "sustainability is dead!" I played devil's advocate that while it may be fading, it most certainly was not dead yet. So while the shape of the work continues to change, the enormity and complexity of the sustainability issues companies are grappling with today will almost guarantee that there is work to be found in the field.

**This Day in Age**

I've always been fascinated by the arc of one's career. That's why the trends around Millennials and retirement age careers have been a strong theme throughout the column's history. Millennials, who are just beginning their careers, are flooding the marketplace. Recruiters have long been struggling to understand how and why Millennials work and what we've found is that they want work with a purpose. The "but" is that what purpose means to them is highly nuanced and HR professionals need to customize sustainability jobs to these varying definitions of "impact" jobs.

For retirees, Talent Show did a two part series on retirement and sustainability, with sustainability veterans sharing why they will never retire and tips for retired sustainability veterans. What we found most intriguing is that the position of CSO has become something of a last stop on an executive's path toward retirement, making it a sunset career. These CSOs, who oftentimes have long tenures with their companies, are also helping CEOs define sustainability as the company's legacy.

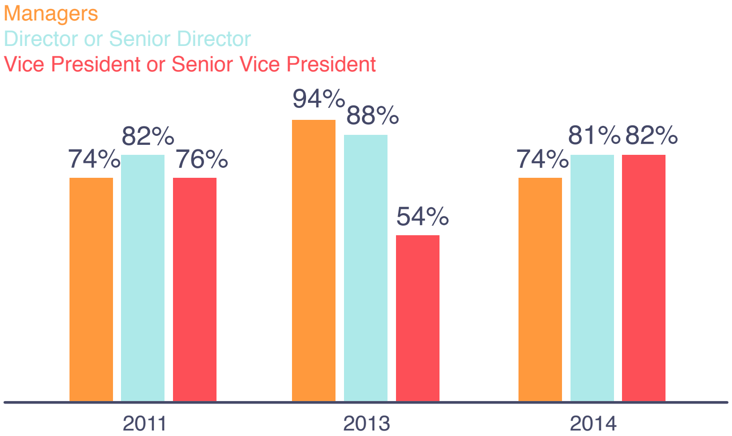
There is no such trend for managers. Entry-level managers (less than three years with the firm) make $100K, their salaries rising in lockstep with their years of experience.

**RAISES AND ADDITIONAL COMPENSATION**

Over the past four years, an interesting phenomenon has taken place. While a large number of managers and directors received raises each year, vice presidents were hit hard in 2013, when only 54 percent of them received a raise. Their compensation bounced back in 2015, with 82 percent of them receiving a raise.

The area where vice presidents tend to do much better than directors or managers in recent years is in the area of stock options. There has been little change in the awarding of stock or options from 2011 to 2015 (69 and 70 percent respectively). The same is not true for managers (a drop from 29 percent to 21 percent) or directors (a steep decline from 66 percent to 46 percent).

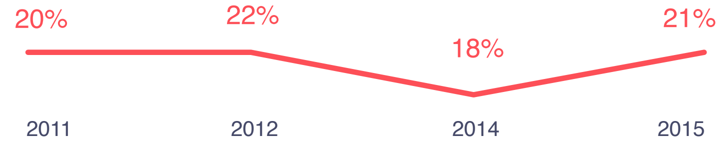
## MANAGERS AND DIRECTORS HAVE REGULARLY RECEIVED RAISES WHILE VICE PRESIDENTS WERE IMPACTED IN 2013




Perhaps the biggest disappointment in our evaluation of compensation metrics is that sustainability has made no gains when it comes to evaluating either the employee's or the organization's achievement of sustainability goals.

## PERCENTAGE OF COMPANIES THAT INCLUDE SUSTAINABILITY METRICS IN AN INDIVIDUAL'S PERFORMANCE EVALUATION


## ORGANIZATIONS THAT ALLOCATE A PERCENTAGE OF BONUS COMPENSATION BASED UPON INDIVIDUAL OR CORPORATE ACHIEVEMENT OF SUSTAINABILITY GOALS




**MIND THE GAP**

There are other issues that, while not unique to the sustainability profession, shouldn't be overlooked. There is little racial diversity in the sustainability department. Eighty-seven percent of vice presidents are white, as are 90 percent of directors and 81 percent of managers.

There are advances when it comes to gender. There has been little change in the lower ranks, which are fairly balanced, with women constituting 49 percent of sustainability managers and 51 percent of directors. The big change is that 48 percent of vice presidents are female, an increase from 37 percent in our 2012 survey.

There is still a significant pay gap between male and female vice presidents, but when it comes to directors that gap has shrunk to 5.5 percent, from an 8 percent gap in 2012. More significant may be that pay for male and female managers is now at parity.

**THE DETAILS**

The pages that follow present detailed results in terms of what affects compensation for the three most identified titles in our survey of sustainability executives:

- **Vice President**
- **Director**
- **Manager**

Compensation for each of these titles is analyzed in terms of salary as well as additional forms of compensation such as bonuses and stock options or grants. The results are also analyzed to determine major factors that can influence compensation such as age, experience, gender and education.

# What does the State of the Profession Mean for Jobseekers?

**by: Ellen Weinreb**

As a sustainability recruiter, I am regularly asked questions from jobseekers looking for a sustainability job. This SOTP data is valuable to jobseekers in answering their FAQs.

**Who gets the sustainability jobs?**
Good news here. In the past SOTPs, fewer of the sustainability positions went to external hires. This time around, we see a jump from 49% to 59%. Fifty-nine percent of sustainability positions are filled externally.

I often have this conversation with hiring managers of whether they should fill their roles internally or externally. There is certainly interest internally throughout the company to take these coveted sustainability positions. However the tide is shifting whereas hiring managers value the expertise, the established networks, and the skills over an internal hire who knows the politics and how to get things done at their company.

**Of those filled externally, are they going to the senior or junior roles?**
If a head of sustainability is looking to change companies it is often because he/she believes they can move the needle further/faster at another company. But the fact is that those head of sustainability role filled externally are few and far between. The SOTP data shows that only 11% of those externally filled positions are going to Vice Presidentsy while the majority are going to staff and manger level.

**Should I get a degree in sustainability?**
By all means, you should get that degree if you want to study the content that is being offered. However it does not necessarily get you that corporate sustainability job. Sustainability degrees do not necessarily target corporate sustainability which is the target of those individuals surveyed in this SOTP.

The majority of sustainability leaders have significant work experience behind them. To be clear, this is referring to general work experience, not specifically sustainability-related experience. 85 percent of VPs surveyed have 16+ years of experience, while 69 percent of managers have 11+ years of work experience.

**Are you saying I should go back to school no matter what the degree?**
Study what interests you. Going back to school is a time to reflect and also to drill down on a subject. At the same, I suggest jobseekers explore the career resources at a school to help manage expectations upon graduation. Key questions to ask are: what resources are available to support my job search and give me a broad understanding of what kind of work all the graduates find after graduation (as opposed to a few poster children getting those dream jobs.)

While the subject area of degrees varies among sustainability managers and executives in corporate America, it's clear that a higher degree is fast becoming the norm to hack it as a sustainability leader. Seventy percent of managers and senior managers and 59 percent of VPs have masters degrees, versus roughly 30 percent with only a bachelor's. For directors, a master's degree can mean as big a salary bump as 8.5 percent.

## OF THOSE SURVEYED IN SUSTAINABILITY POSITIONS WHO WERE HIRED FROM THE OUTSIDE:

| | | | |
|---|---|---|---|
| 11% | 14% | 32% | 43% |
| VICE PRESIDENT | STAFF | DIRECTOR | MANAGER |

**VICE PRESIDENT OF SUSTAINABILITY**
The vice president of sustainability has a compensation package that includes performance-based bonus achievements and equity participation in addition to a base salary. Attaining this title at a large corporation requires experience. Eighty-five percent of our respondents at this level have more than 16 years of experience.

The information presented here is based upon responses from vice presidents and senior vice presidents working at companies with revenues greater than $1 billion, unless specifically noted.

**Compensation.** The average salary for a vice president of sustainability has grown, from $218,409 in 2011 to this year's all-time high of $237,588. Over the course of the past four years, the median salary (the mid-point of the salary range) has held steady at $225,000.

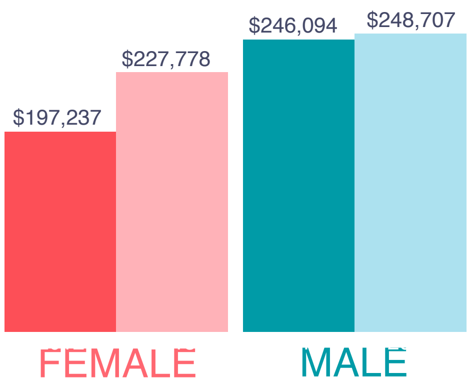
In terms of industry sectors, retail vice presidents are royalty, with an average salary of just over $317K. The next-highest level of salary, at just slightly over $250K, compensates vice presidents at conglomerates, consumer goods and industrial goods firms.

As we noted earlier, vice presidents were hit hard in 2013, when only 54 percent of them received a raise. Their compensation bounced back in 2015, when 82 percent received raises.

For senior executives, salary is only one piece of an overall pay package. In terms of performance-based compensation, 95 percent of vice presidents received a bonus. The one area where vice presidents tend to do much better than directors or managers in recent years is in the area of stock or options grants. These have been awarded consistently, with 70 percent of vice presidents receiving them last year.

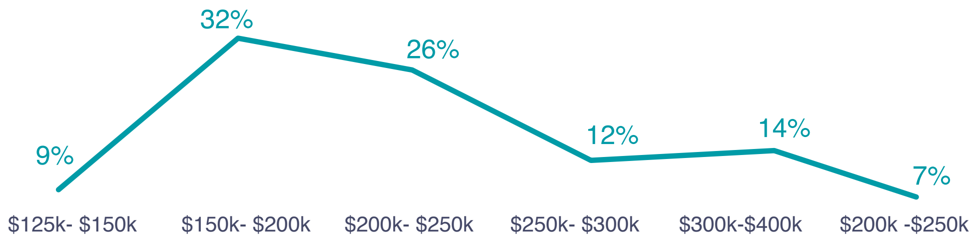
**Gender.** Women have made big strides in attaining the highest office for sustainability professionals. In 2010, 31 percent of vice presidents were female, while in 2012 that number rose to 37 percent. In 2015, 48 percent of vice presidents and senior vice presidents were female. This is a significant finding in terms of women in management: Catalyst reports that only 25.1 percent of executive/senior level officials and managers are women.

### CHANGE IN AVERAGE SALARY FOR VICE PRESIDENTS BY GENDER




According to research by the Federal Reserve Bank of New York, female executives' total compensation was just 82 percent of men's. This is supported by reports from the Institute for Women's Policy Research, where the ratio of women's and men's median annual earnings was 78.6 percent, resulting in a gender wage gap of 21.4 percent.

### VICE PRESIDENT AND SENIOR VICE PRESIDENT SALARIES



Advances for senior executive women in sustainability have been made when it comes to compensation, even though there is still a gap. Between 2012 and 2015, the average salary for a female vice president rose 15 percent, whereas men's average salary over that time only rose 1 percent.

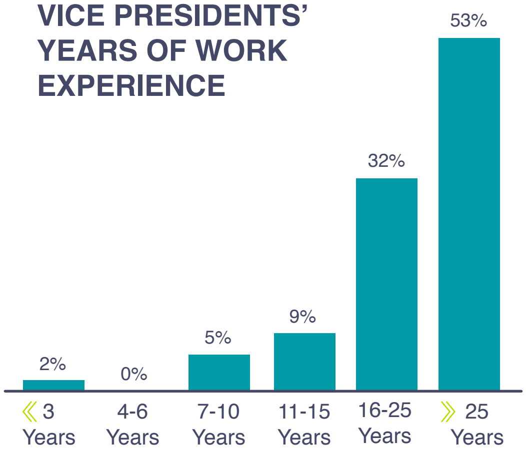
There is still an 8 percent gap between women and men, but compensation for women at the senior-most levels of sustainability is reaching parity faster than their counterparts elsewhere in the organization.

**Education.** When it comes to education, the key data point for vice presidents is that 59 percent have a master's degree, almost twice as many as those who have only a bachelor's degree (31 percent).

**Age.** Age isn't as much of a barrier to attaining the senior role as in the past. In 2012, 61 percent of all vice presidents were 51 or older; in 2015 that number dropped to 49 percent. More than twice as many vice presidents are under 40 in 2015 (21 percent) than in 2012 (10 percent).

**Experience**. Unlike age, work experience is a major factor in getting the vice president job. Eighty-five percent of vice presidents have been working more than 16 years. In fact, more than half of vice presidents (53 percent) have been working more than 25 years.

## VICE PRESIDENTS' YEARS OF WORK EXPERIENCE



**DIRECTOR OF SUSTAINABILITY**

In many companies, the director of sustainability is the highest-ranking sustainability executive. This is true for 36 percent of the companies responding to our annual survey. In contrast, 37 percent of companies have a vice president as the senior-most executive while only 16 percent of managers have the top spot.

One's education level and making a switch to a new employer appear to have the most direct bearing on compensation levels. Age and gender are less important factors.

The information presented here is based upon responses from directors and senior directors working at companies with revenues greater than $1 billion, unless specifically noted.

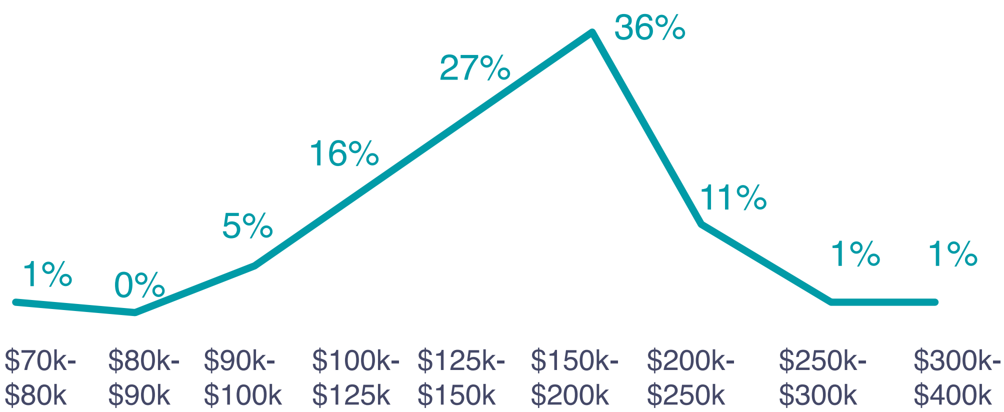
**Compensation.** The average salary for a director of sustainability has dropped slightly since we first began our survey in 2010, by 1.7 percent. This alone is not a worrisome indicator (the same was true for vice presidents). What is surprising is the median salary for directors decreased from $175,000 to $138,500, a trend that went in a different direction from vice presidents or managers.

The automotive, healthcare and technology industries provide the highest average salaries; at the lower end of the scale are service providers and educational institutions. Approximately the same number of directors received raises this year (81 percent) as in 2011 (82 percent).

In terms of performance-based compensation, 85 percent of directors reported receiving a bonus, slightly down from 91 percent in 2011. The biggest development is that only 46 percent of directors received stock or options grants, down from 66 percent in 2011.

**Gender.** Over the years we've seen the number of female directors responding to our survey rise from 37 percent in 2010 to achieve parity at 51 percent. There is relative parity in pay as well, with only a 5.5 percent pay gap between women directors and men, compared to a 8 percent gap in 2012.

## DIRECTOR AND SENIOR DIRECTOR SALARIES

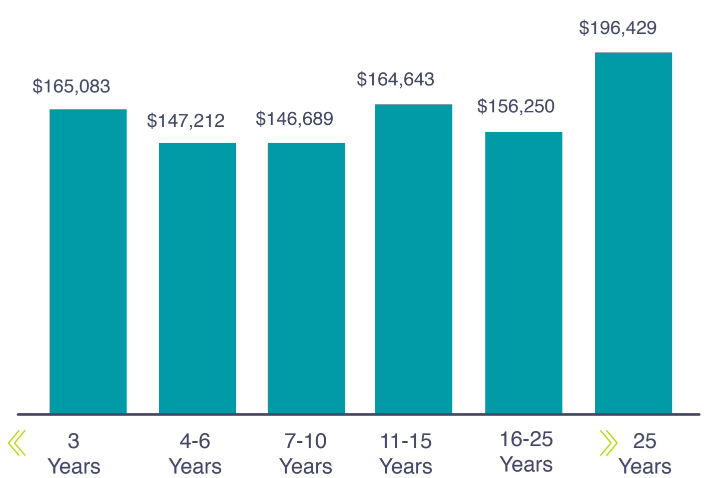



**Education.** The level of education achieved by directors is one of the two biggest factors when it comes to salary. While not a guarantee, a master's degree seems to afford a salary bump of 8.5 percent: Directors with a bachelor's degree earn on average $147,237, while those with a master's degree earn an average of $159,713.

**Age**. As we saw with vice presidents, the average age for directors continues to drop. In 2010, 76 percent of all directors and senior directors were over 40, a number hat has dropped to 65 percent in 2015. Salaries rise progressively in line with the age of directors.

**The Opportunity Elsewhere**. While all of the directors who responded to the survey have at least seven years of work experience, those with less than three years at their current employer are making more than those with longer tenure, with the exception of those employed more than 25 years at the same company.

## WHILE ALL DIRECTORS HAVE AT LEAST SEVEN YEARS EXPERIENCE,THOSE WHO HAVE SWITCHED JOBS ARE EARNING MORE



**SUSTAINABILITY MANAGER**

Both average and median salaries have risen for sustainability managers since we conducted our first survey in 2010. Over that period of time, we've seen more women become managers and, counter to most corporate positions, female managers are making slightly more than men.

The information presented here is based upon responses from managers and senior managers working at companies with revenues greater than $1 billion, unless specifically noted.

**Compensation.** The average salary for a sustainability manager has risen by 6.9 percent since 2010, from $103,197 in 2010 to $110,839 in 2015. The median salary (the mid-point of the salary range) also rose, from $100,000 to $112,500. The basic materials, technology and healthcare industries provide the highest average salaries.

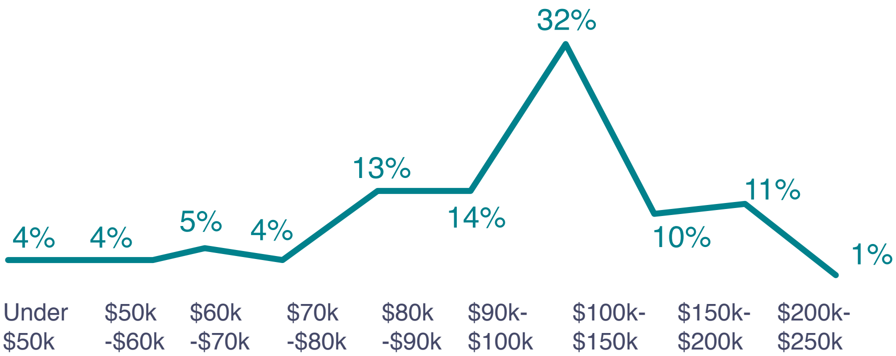
Seventy-four percent of managers received raises in 2015 and 81 percent received a bonus. When it comes to other forms of compensation, 22 percent of managers receive some form of educational reimbursement and 21 percent receive stock or options grants, down from 29 percent in 2011.

**Gender.** Over the years we've seen the number of female managers responding to our survey rise from 39 percent in 2010 to 49 percent in 2015. Parity in terms of opportunity is equaled by parity in pay. Between 2012 and 2015 women managers pay rose 7.2 percent (from an average of $101,154 to $109,028) while men's average pay dipped 1 percent, from $108,873 to $107,771.

**Education.** In 2010, the average salary of a manager with a master's degree was 19.6 percent higher than one with only a bachelor's degree. In 2015 that difference is only 2.6 percent. Perhaps more interesting is that 70 percent of managers and senior managers have a master's degree versus 26 percent with only a bachelor's.

**Age.** Sixty percent of managers are under 40. Once they pass that age, salaries rise from around $100K for managers in their thirties to $120K for those in their forties.

**MANAGER AND SENIOR MANAGER SALARIES**




# APPENDIX

# Appendix A – Profile of Survey Respondents

**The 2016 GreenBiz State of the Profession Survey was based on a survey of the GreenBiz Intelligence Panel, consisting of executives and thought leaders in the area of corporate environmental strategy and performance. Panel members participate in brief monthly surveys, providing their expertise and perspective on corporate initiatives, laws and regulations, and scientific advances that are shaping the sustainability agenda. As a supplement to our panel outreach, 15 percent of responses were the result of our partnership with Weinreb Group.**

### METHODOLOGY

Data for the State of the Profession Survey was collected from October 28 to November 16, 2015. The survey was conducted online and an email link was sent to the panel's 5,769 members as well as other participants that were reached via partnership organizations. The final tally of those responding resulted in 998 usable responses, with 53 percent of those employed by organizations with revenues greater than $1 billion.

### THE MAJORITY OF COMPANIES RESPONDING TO OUR SURVEY HAD REVENUES GREATER THAN $1 BILLION

**47%**
UNDER
$1 BILLION

**53%**
$1 BILLION
OR MORE

### THE GEOGRAPHY OF RESPONSES

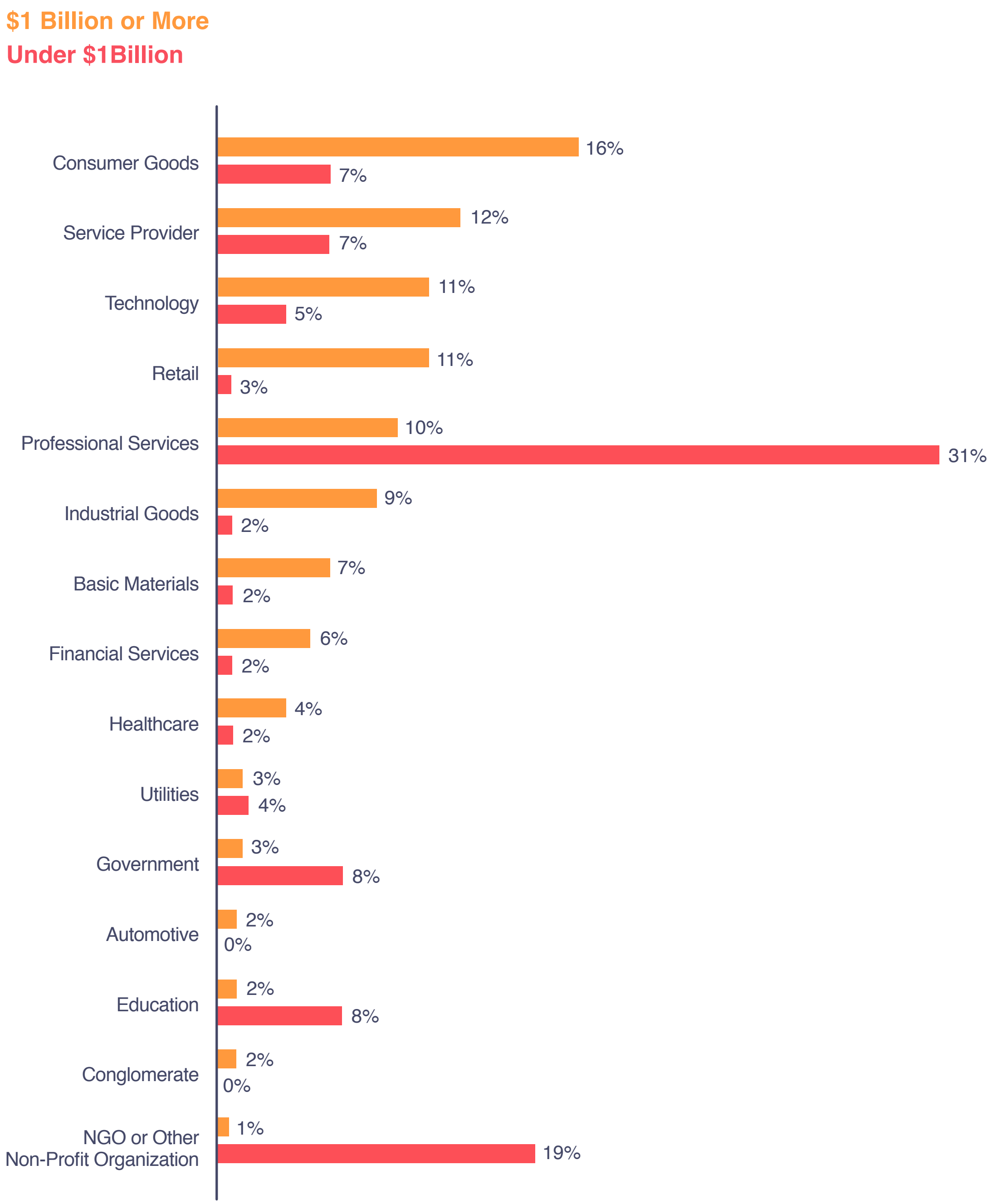
Eighty percent of the survey respondents live and work in the United States. Responses came from 40 of the 50 states, with the most coming from California (22.4 percent) and New York (9.8 percent).

### REVENUE AND INDUSTRY SECTORS

Responses from the survey have been analyzed based upon both company size and industry sectors. As mentioned, large companies with revenues greater than $1 billion represent 53 percent of the survey sample, whereas companies with revenues below $1 billion account for 47 percent of the responses.

The following chart presents an overview of the respondents by industry sector and segmented by large companies (revenues greater than $1 billion) and small to midsize companies. Professional services companies make up 31 percent of the overall sample of small to midsize firms, overweighting the aggregated results of companies with revenues under $1 billion.

## LARGE COMPANIES PARTICIPATION CAME FROM A WIDE RANGE OF INDUSTRIES




Large companies are more evenly represented across all major industry sectors. A description of the types of companies included in each sector is provided in Appendix B.

**APPENDIX B – INDUSTRY SECTORS**

The following is the list of industries and their descriptions presented to survey respondents for classification.

- Automotive
- Basic Materials (including chemicals, metals, oil & gas, specialty chemicals, etc.)
- Conglomerate
- Consumer Goods (including appliances, auto parts, food & beverages, business equipment, housewares, office supplies, paper & paper products, apparel & textiles)
- Education
- Financial Services
- Government
- Healthcare
- Industrial Goods(including aerospace, cement, machinery, building materials, industrial equipment, machine tools, and waste management)
- NGO or other not-for-profit organization
- Professional Services ( including accountants, architects, attorneys, business consultants, public relations, etc.)
- Retail
- Service Provider (distributor, wholesaler, packaging & labeling, logistics, airlines, hotels, media & entertainment, etc.)
- Technology (Hardware, software, telephony, etc.)
- Utilities (energy, water, etc.)

WEINREB GROUP
Sustainability Recruiting

Weinreb Group is a retained executive search firm placing sustainability professionals in Fortune 500 companies and service firms that support them. Founded by Ellen Weinreb 20 years ago, clients include KKR, Nestle Waters, Sears, Wrigley, Patagonia, Walmart, WWF and Mars.
weinrebgroup.com

GreenBiz

GreenBiz advances the opportunities at the intersection of business, technology and sustainability. Through its websites, events, peer-to-peer network and research, GreenBiz promotes the potential to drive transformation and accelerate progress — within companies, industries and in the very nature of business.
www.greenbiz.com